

ADDITIONAL VIEWS OF HONORABLE JOHN W. OLVER

There are a number of problems with the Transportation, Treasury and Independent Agencies bill as reported out of Committee. Although Chairman Istook has tried as hard as he can to produce a bill that spreads the pain fairly evenly, it has been more important for the Majority to maintain super-sized tax cuts for millionaires than provide the basic services that Americans need.

Earlier this year, the House Majority passed a Budget Resolution that prioritized tax cuts for the wealthiest far ahead of critical investments that benefit all Americans. This fiction of a budget resolution quickly becomes real when we have to translate it into programs that impact the lives of millions of Americans each day.

If it was not apparent at the time, it is now clear that the Budget Resolution will make it nearly impossible to adequately fund many of our nation's needs, including those contained in this bill.

Despite some improvements to the bill at Full Committee, serious problems remain that will need to be addressed as the process moves forward. Our concerns include:

- FAA – The bill makes significant cuts to the FY05 request level for FAA Operations and to the FY04 enacted level for Facilities and Equipment. Although the Chairman should be commended for supporting additional funding for the hiring of new Air Traffic Controllers, without proper funding throughout the agency, these new controllers will come into an Agency that lacks the proper equipment and facilities to assist them in ensuring the safety and security of the nation's airways.

In FY04, the FAA's limited funding resulted in the attrition of over one thousand personnel. The Committee reported funding level for the FAA for FY05, if sustained, would certainly result in further attrition from the FAA's workforce.

- Amtrak – Once again we find ourselves with a Committee reported funding level of \$900 million that Amtrak says will result in the shutdown of the railroad before the fiscal year is even half over. To make matters worse, the bill also requires Amtrak to pay back a \$100 million loan that they received in FY03; thus making Amtrak's net resources available in FY05 only \$800 million.

As we argued last year, even if Amtrak can continue to somehow manage to operate at this funding level, the Committee is again denying Amtrak resources necessary to address the capital backlog. We will once again be one catastrophe away from shutting down Amtrak operations and significantly impacting all trains that run on Amtrak's bridges and rails in the Northeast Corridor. Neglect of the infrastructure will have a major impact on commuters and travelers throughout the country.

- IRS Tax Compliance - Without proper funding for the IRS tax compliance activities we will continue to leave on the table the over \$300 billion in tax revenues that go uncollected each year. In effect, we're now giving tax cuts to tax cheaters.

The President's FY05 budget laudably proposed a fairly significant increase for IRS compliance resources. Earlier this year, the IRS Oversight Board, after reviewing the IRS' budget proposal, agreed with the need for an emphasis on enforcement but found that the President's budget did "not back up its goals on enforcement with the necessary resources to do the job."

Unfortunately, the Committee provided a funding level that is \$286 million (6.3%) below the President's FY05 request for the IRS Tax Law Enforcement account. Furthermore, the Committee's funding level is \$492 million (10.3%) below the amount the Oversight Board said was necessary for proper tax law enforcement in FY05.

Because increased investment has a direct yield on revenue collection, this seems like one of the smartest places to invest our scarce resources. The Administration claims that their new compliance initiatives, if fully funded, will yield a six-to-one return on investment. Unfortunately, the budget resolution forced the Committee to make cuts in an area here that could have yielded the Treasury even greater resources for the future.

- Matriculas Consular – The Full Committee voted to retain an unfortunate provision (Section 216) that would prohibit the Treasury Department from acting to permit financial institutions to accept the matricula consular identification card as a form of identification for opening a bank account. Matriculas are a safe, reliable identification card that helps undermine the market for illegal identification and fraudulent documents. The card does not change a person's immigration status. Serving as official identification, the card is another line of defense in the continuing efforts to ensure that terrorists do not have access to our financial institutions.

The Administration opposes this provision as well because this language would restrict the ability of financial institutions to comply with anti-money laundering and anti-terrorist financing statutes. Treasury Secretary John W. Snow, in a recent letter to Congress said, "Because this provision [Sec. 216] could drive large sections of the U.S. population to underground financial services, it would weaken the Government's ability to enforce our money laundering and terrorist financing laws." In the post-9/11 environment, we want people who are in this country, whatever their status, to be able to prove their identity.

The most recent version of the card, issued in 2002, has a dozen security features, including a hologram, digitized photo, and infrared band. As The Washington Times reported (Nov. 26, 2002): "[Mexican] officials turned the previous version of the [matricula] card into a high-tech ID that's more fraud-proof than many state drivers' licenses." Approximately 350 financial institutions and 1100 police departments

accept the Mexican Consular ID as a valid form of identification. The card improves safety, giving Mexican nationals an incentive to register with the Mexican consulate while they are in the U.S. The card also helps police departments by serving as a means of quickly identifying witnesses, victims, and suspects. Immigrants with identification are more likely to report crimes and cooperate in police investigations.

- Unspecified Cuts - In order to remain under the Subcommittee's low allocation, the Subcommittee made what appear to be unspecified, and in some cases seemingly arbitrary cuts, to important programs. Although unspecified cuts provide Departments and Agencies some discretion in determining where they can reduce services, they are but a blunt instrument for carrying out the fiction that is this year's budget process. Sadly for Americans who depend on Federal programs, the cuts and policy decisions set forth in this bill, if sustained, will further erode the Federal government's infrastructure and basic operations.

Before concluding, I want to point out that the Majority agreed at Full Committee to address some of the concerns we had with the Subcommittee passed bill. Some important improvements include:

- Restoring what appeared to be \$4.5 million of arbitrary cuts taken from the budget of the Financial Crimes Enforcement Network (FinCEN) – the Treasury bureau that targets criminal money laundering and terrorist financing activities. Without the restoration of these funds, FinCEN would not have been able to even maintain current services and annualize programs that were started in FY 2004.
- Securing some additional funding (an additional \$2 million was added to the \$7 million provided in the Subcommittee passed bill) for the hire of new air traffic controllers in anticipation of the wave of impending controller retirements. Although the President, in his FY05 budget, failed to provide leadership on this critical safety and security priority, the Committee agreed with our concerns and had the foresight to address this looming problem.
- Providing funding for the Udall Foundation programs. Although the Udall Foundation's trust fund payment was zeroed out in the Subcommittee Mark, the Full Committee restored full funding at the FY04 enacted level of \$1.984 million. The environmental dispute resolution account was also restored to the FY04 enacted level. This action will ensure that important programs for Native Americans and environmental dispute resolution can continue unimpeded.

In conclusion, many changes are needed to address the problems that remain in the Committee reported bill. I will continue to seek the improvements outlined above as this bill moves through the Congress.